



## **Statement of Tracy Porter**

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Vice Chair, Steel Manufacturers Association**

**House Steel Caucus  
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Chairman Murphy, Vice Chairman Visclosky, members of the House Steel Caucus – thank you for the invitation to appear before you today, and thank you for all that you do to support the U.S. steel industry.

I am Tracy Porter, President of CMC Americas, and Vice Chair of the Steel Manufacturers Association. Commercial Metals is a vertically integrated, Fortune 500 company that recycles, manufactures, fabricates, and trades steel globally. CMC's state-of-the-art electric arc furnace steel mills manufacture high-quality steel products at five locations in the United States and one location in Poland. With over 4.8 million tons of steelmaking capacity, CMC is the nation's third largest manufacturer of long products.

I am here today in my role as Vice Chair of the SMA, which is the primary trade association for U.S. electric arc furnace steel producers and rerollers. SMA's 30 member companies operate 127 steel plants across the country and account for over 75 percent of domestic steel production. SMA also has 116 Associate Members who supply goods and services to the industry.

I understand that the purpose of today's hearing is to address the state of the U.S. steel industry, with an emphasis on what Congress can do to support its health and vitality. As my colleagues have already stated this morning, we are facing extremely challenging market conditions. Despite

slowly improving domestic demand and a number of recent trade case victories, U.S. markets continue to be flooded with offshore imports from a range of nations and in virtually every product category, thereby preventing domestic companies from realizing the benefits of our nation's economic recovery. The impact on U.S. producers, their employees, and surrounding communities has been widespread. We need to get serious about enforcing trade laws and holding our trading partners accountable to the rules. Simply put, the United States cannot continue to be the market of last resort for the world's steel overcapacity problem.

As Congress and the Obama Administration consider important topics such as Trade Promotion Authority and the Trans-Pacific Partnership negotiations, I reiterate SMA's position that all future U.S. trade agreements should: 1) include strong and enforceable provisions on currency manipulation; 2) establish disciplines on state-owned enterprises; 3) maintain the strength and effectiveness of U.S. trade remedy laws; 4) promote firm and effective rules-of-origin; and 5) ensure that labor and environmental negotiations do not result in unfair disadvantages for U.S. manufacturers.

In addition to enforcing trade laws and taking steps to shape the future of global trade, the U.S. should also strive to enhance its own

competitiveness. Long-term, adequately funded investment in our nation's infrastructure would be a major step forward.

American companies are placed at a disadvantage in increasingly global markets as they compete with foreign producers who operate in nations that fund their transportation infrastructures at much greater rates, as is true of most of our major trading partners.

Infrastructure investment has the ability both to provide an immediate boost to employment levels and to make the U.S. more competitive in the decades ahead. According to a recent study by the Duke University Center on Globalization, Governance and Competitiveness, each \$1 billion invested in transportation infrastructure creates 21,671 jobs. Every dollar invested in transportation infrastructure returns \$3.54 in economic impact. With limited resources available, policymakers should prioritize spending on highways, roads, bridges, and other components of our infrastructure in order to maximize the return on investment. Expanding federal funding consistent with the U.S. Department of Transportation's request (\$114.2 billion per year) would result in over 2.47 million jobs, or 58 percent more jobs than at current investment levels, and over \$404 billion in total economic impact.

Multiyear investment is necessary to allow state DOTs certainty and the ability to participate in large-scale project planning. The stops, starts and threats to funding that have become a way of life must be avoided.

As suppliers of high quality, durable steel products that are made almost entirely of recycled materials, SMA's members have an active role to play in the building of our nation's infrastructure. Taxpayer-funded projects should utilize domestically melted and poured steel products in order to ensure that the full benefit of investment is realized in our own economy. As such, SMA strongly supports the application of Buy America provisions.

Additionally, we urge our nation's policymakers to address other issues that weaken the competitive position of manufacturers, including regulatory overreach by the EPA and OSHA, and the lack of railroad competition.

The Staggers Rail Act of 1980, which deregulated the freight rail industry, has been successful in many ways. But the landscape for the rail industry has greatly changed since its passage. A series of consolidations has drastically reduced the number of Class I (one) railroads, with four now accounting for 90 percent of the market. This has left the majority of rail shippers captive to a single Class I railroad. Today, more than three-quarters of U.S. rail stations are served by only one railroad, leaving most shippers

captive to a single freight rail provider with no alternative if service or rates are unsatisfactory.

Despite these major changes in the rail industry, Congress has not revisited our nation's freight rail policies since the Surface Transportation Board was created to serve as the only government entity responsible for handling commercial freight rail issues. The STB in its current form provides little recourse for shippers.

SMA does not support rail "reregulation". We wish to see healthy, profitable railroads that make investments to serve our industry and that operate in a market-oriented manner. SMA does, however, support sensible improvements that would increase shipper access to competitive freight rail service and that would modernize the STB to make it a more efficient, effective, equitable agency for shippers and carriers alike.

In closing, these are extremely difficult times for our industry. SMA would like to thank our Congressional leaders for your support, and for your continuing attention to issues that impact the U.S. steel industry. Additionally, we wish to express our genuine appreciation to Congressmen Murphy and Visclosky for your bipartisan leadership of the House Steel Caucus.